

HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002.



OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002.

- Creates trust fund to: provide shelters for battered women; clean and safe housing for low-income senior citizens; emergency shelters for homeless families with children; housing with social services for homeless and mentally ill; repairs/accessibility improvements to apartments for families and handicapped citizens; military veteran homeownership assistance; and security improvements/repairs to existing emergency shelters.
- Funded by bond issue of two billion one hundred million dollars (\$2,100,000,000).
- Makes cities and counties eligible to receive specified funds.
- Subjects expenditures to independent audit.
- Appropriates money from state General Fund to repay bonds.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- State cost of about \$4.7 billion over 30 years to pay off both the principal (\$2.1 billion) and interest (\$2.6 billion) costs on the bonds. Payments of about \$157 million per year.

FINAL VOTES CAST BY THE LEGISLATURE ON SB 1227 (PROPOSITION 46)

Assembly:	Ayes 54	Noes 21
Senate:	Ayes 27	Noes 11

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

About 150,000 houses and apartments are built in California each year. Most of these units are built entirely with private dollars. Some, however, receive subsidies from federal, state, and local governments. For some of the units that receive *state* funds, the state provides low-interest loans or grants to developers (private, nonprofit, and local governments). Typically, there is a requirement that the housing built be sold or rented to Californians with low incomes. Other state programs provide homebuyers with direct financial assistance to help with the costs of a down payment.

The amount of funds that the state has provided to these types of housing programs has varied considerably over time. In 1988 and 1990, voters approved a total of \$600 million of general obligation bonds to fund state housing programs (these funds have been spent). Since that time, the state typically has spent less than \$20 million annually in General Fund revenues on state housing programs. On a one-time basis, however, the state recently provided more than \$350 million in General Fund revenues for these purposes.

PROPOSAL

This measure allows the state to sell \$2.1 billion of general obligation bonds to fund 21 housing programs. General obligation

bonds are backed by the state, meaning that the state is required to pay the principal and interest on these bonds. General Fund revenues would be used to pay these costs over about 30 years.

Figure 1 describes the programs and the amount of funding that each would receive under the measure. Most of the funds would go to existing state housing programs. A number of the programs, however, are new, with details to be established by subsequent legislation. The major allocations of the bond proceeds are as follows:

- **Multifamily Housing Programs (\$1.11 Billion).** This measure would fund a variety of housing programs aimed at the construction of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3 percent) loans to fund part of the construction cost. In exchange, a project must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).
- **Homeownership Programs (\$405 Million).** A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers. Most of the funds would be used to provide down payment